



COMPLETED GRANT SYNOPSIS

Assessing the Impact of the Iowa Medicaid Managed Care Transition on Community Pharmacies

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Objectives

(1) Describe Iowa community pharmacy experiences and satisfaction with the transition to the Iowa Medicaid managed care program and (2) conduct an in-depth case study of the financial impact and other effects of Iowa Medicaid managed care on three independent Iowa community pharmacies.

Design

- Phase I: Cross-sectional retrospective design. A mail survey measuring satisfaction and experiences with the Medicaid managed care program was sent to all Iowa community pharmacies six months after the Medicaid managed care transition.
- Phase II – Interviews: Case study with a cross-sectional retrospective design. In person interviews were conducted with pharmacists, owners, and staff at three independent pharmacies.
- Phase II – Financial Analysis: Pre-test, post-test with comparison group design. Dispensing records and wholesaler invoices from three independent pharmacies were collected for the periods October to December, 2015 and October to December, 2016

Study endpoints

- Phase I: Community pharmacy managers' satisfaction and experiences with Iowa Medicaid managed care six months after the Medicaid managed care transition.
- Phase II – Interviews: Major themes related to the Medicaid managed care program were identified from interviews with pharmacists, pharmacy owners and staff at three independent pharmacies.
- Phase II – Financial Analysis: Average prescription gross margins for Medicaid prescriptions before and after the Medicaid managed care transition. Average Medicaid prescription gross margins were compared to average prescription gross margins for other large third party payers.

Results

- Phase I: Surveys were received from 265 pharmacies, yielding a response rate of 27.3%. Pharmacy managers were most satisfied with the ease of joining Medicaid managed care plans' pharmacy networks and determining patients' plan eligibility. They were least satisfied with the availability of payment for non-dispensing related services and plans communication with patients. When asked to rank their satisfaction with major payers, pharmacy managers ranked Medicaid managed care plans the worst compared to their largest private payer, their largest Medicare Part D plan payer, and the previous state-run Medicaid program.
- Phase I: When asked about their experiences with the Medicaid managed care program, Pharmacy managers reported a great deal of confusion during the transition process, requiring extra work by their staff. They also reported changes in the formulary, particularly with regard to coverage of OTC products. Communication with the Medicaid managed care plans was reported to be problematic and there were many issues with coverage of durable medical equipment.
- Phase II: Five main themes were identified from the eight in depth interviews with pharmacists, pharmacy owners and staff at the three case pharmacies: 1) multiple managed care organizations cause confusion, 2) challenges with plan communication with patients and pharmacies, 3) product coverage challenges, 4)

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durable medical equipment problems, and 5) prescription payment problems. No opportunities associated with the Medicaid managed care transition were noted by the participants.

- For the three case pharmacies, average gross margins for Medicaid prescriptions were not significantly different under the state-run Medicaid program and the Medicaid managed care plans (\$12.11 vs \$12.15). Medicaid prescriptions had higher average gross margins than prescriptions from other large third party payers both before and after the Medicaid managed care transition.

Conclusion

The Iowa Medicaid managed care transition created many challenges for Iowa community pharmacies. Although the average prescription gross margin did not appear to be affected by the transition, pharmacy staff reported increased workload from working with multiple private Medicaid managed care plans instead of one state-run Medicaid program. Pharmacies reported many issues with reimbursement for durable medical equipment and plan communication.